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BEFORE THE ARIZONA CORPORATION CO
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COMMISSIONERS

2012 MAY 14 P 1: 52

Arizona Corporation Commission

DOCKETED

MAY 14 2012

DOCKETED BY

EM

Gary Pierce – Chairman
Bob Stump
Paul Newman
Sandra D. Kennedy
Brenda Burns

ALL CORP COMMISSIONERS
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
ARIZONA WATER COMPANY, AN ARIZONA
CORPORATION TO EXTEND ITS CERTIFICATE
OF CONVENIENCE AND NECESSITY AT CASA
GRANDE, PINAL COUNTY, ARIZONA

DOCKET NO. W-01445A-07-0291

REQUEST FOR ADDITIONAL
TIME FOR COMPLIANCE FILING

Decision No. 70379, which was entered in this docket on June 13, 2008, directed Arizona Water Company (the "Company"), the applicant in this docket, to file certain items as a compliance filing within certain time frames provided in Decision No. 70379. A factual background/compliance timeline is as follows:

1. Decision No. 70379 approved the Company's application for an extension of its Certificate of Convenience and Necessity ("CCN") for four of five requested parcels. The Company was required to file with Docket Control, as a compliance item, a copy of the developer's Certificate of Assured Water Supply ("CAWS") for each of parcels one, two, four and five within two years of the effective date of Decision No. 70379. Additionally, Decision No. 70379 ordered the Company to file a copy of the Arizona Department of Environmental Quality's Approval to Construct for facilities needed to serve Phase I within each of parcels one, two, four and five within two years of the effective date of the Decision No. 70379.

2. On May 3, 2010 the Commission entered Decision No. 71687 extending the deadline to June 13, 2012 for the Company to comply with the foregoing conditions of Decision No. 70379.

The Company is now requesting an extension of the current compliance deadline to June 13, 2014. In support of its request, the Company respectfully represents as follows:

1 1. A map of the extension area is attached hereto as Attachment 1.

2 2. The deep recession and real estate crash over the past several years (essentially
3 the entire time that Decision No. 70379 has been in effect) are extraordinary circumstances
4 which have not been seen since the Great Depression. The severe economic downturn that has
5 battered the Arizona real estate market persists, and continues to delay the development of
6 residential and mixed-use development in Arizona, including Pinal County. Therefore, even
7 though the Company expects to serve customers in the expansion areas within the next few
8 years (*See* paragraph 5, below), no one, including housing experts and economists, can say for
9 sure when the real estate market will see a recovery of any significance.

10 3. The Commission's Staff has observed, in evaluating a developer's request for
11 additional compliance time in another case (*See* Decision No. 71861, docketed September 1,
12 2010, Finding of Fact No. 14, page 3), that "...the downturn in the economy has put a damper
13 on much of the development in this state".

14 4. The Arizona Department of Water Resources ("ADWR") has approved a
15 Physical Availability Determination ("PAD") for the Company's Pinal Valley water system,
16 which covers the entire expansion area. (Copy attached hereto as Attachment 2.) The PAD is an
17 important precursor to, and a necessary requirement for obtaining a CAWS. Therefore, the
18 Company submits that the PAD, and ADWR's approval of it, is sufficient compliance with the
19 CAWS condition of Decision No. 70379, in connection with the other information that the
20 Company is submitting in support of its request for additional compliance time.

21 5. a. Attachment 3 is a letter from one of the property owners or property
22 owner representatives, of/for a substantial amount of the real property located in the expansion
23 area. The letter documents the property owner's continuing need for and request for water
24 service from the Company to be able to develop its property in the expansion area. The
25 property owner letter confirms the owners' plans to develop their property in reliance upon
26 water service they plan to obtain under the Company's CCN. The continued existence of that
27 CCN will support the slowly improving development market that has experienced historic
28

difficulty, as detailed above, and the withdrawal of the CCN would be detrimental to that recovery.

b. The Company has requested, in writing, a letter as described in paragraph 5(a) above, from each property owner or property owner's representative for each parcel of real property located in the expansion area. No property owner or property owner's representative refused to sign a letter; the Company hopes to receive written responses from the other property owners in the immediate future; the Company will supplement this Request when it receives such responses.

CONCLUSION

The Company believes, and therefore respectfully, submits that the foregoing provides sufficient support for its request for additional compliance time and that it confirms that extraordinary circumstances exist to justify its request. Therefore, the Company respectfully requests that the Commission enter an order:

a. Extending the compliance deadline to June 13, 2014 under Decision No. 70379 for filing the remaining compliance items.

b. Providing any further relief that it deems appropriate under the circumstances of this case.

RESPECTFULLY SUBMITTED this 14th day of May, 2012.

ARIZONA WATER COMPANY

By: R. W. Geake
Robert W. Geake
Vice President and General Counsel
ARIZONA WATER COMPANY
Post Office Box 29006
Phoenix, Arizona 85038-9006

1 Original and fifteen (15) copies of the foregoing filed this 14th day of May, 2012 with:

2 Docket Control Division
3 Arizona Corporation Commission
4 1200 West Washington Street
Phoenix, Arizona 85007

5 A copy of the foregoing was mailed this 14th day of May, 2012 to:

6 Honorable Lyn A. Farmer
7 Chief Administrative Law Judge
Hearing Division
8 Arizona Corporation Commission
1200 West Washington
9 Phoenix, AZ 85007

10 Janice Alward, Chief Counsel
Legal Division
11 Arizona Corporation Commission
12 1200 West Washington Street
Phoenix, Arizona 85007

13 Steve Olea
14 Director, Utilities Division
Arizona Corporation Commission
15 1200 West Washington Street
16 Phoenix, Arizona 85007

17 Brian K. Bozzo
18 Manager, Compliance and Enforcement
Arizona Corporation Commission
1200 West Washington Street
19 Phoenix, Arizona 85007

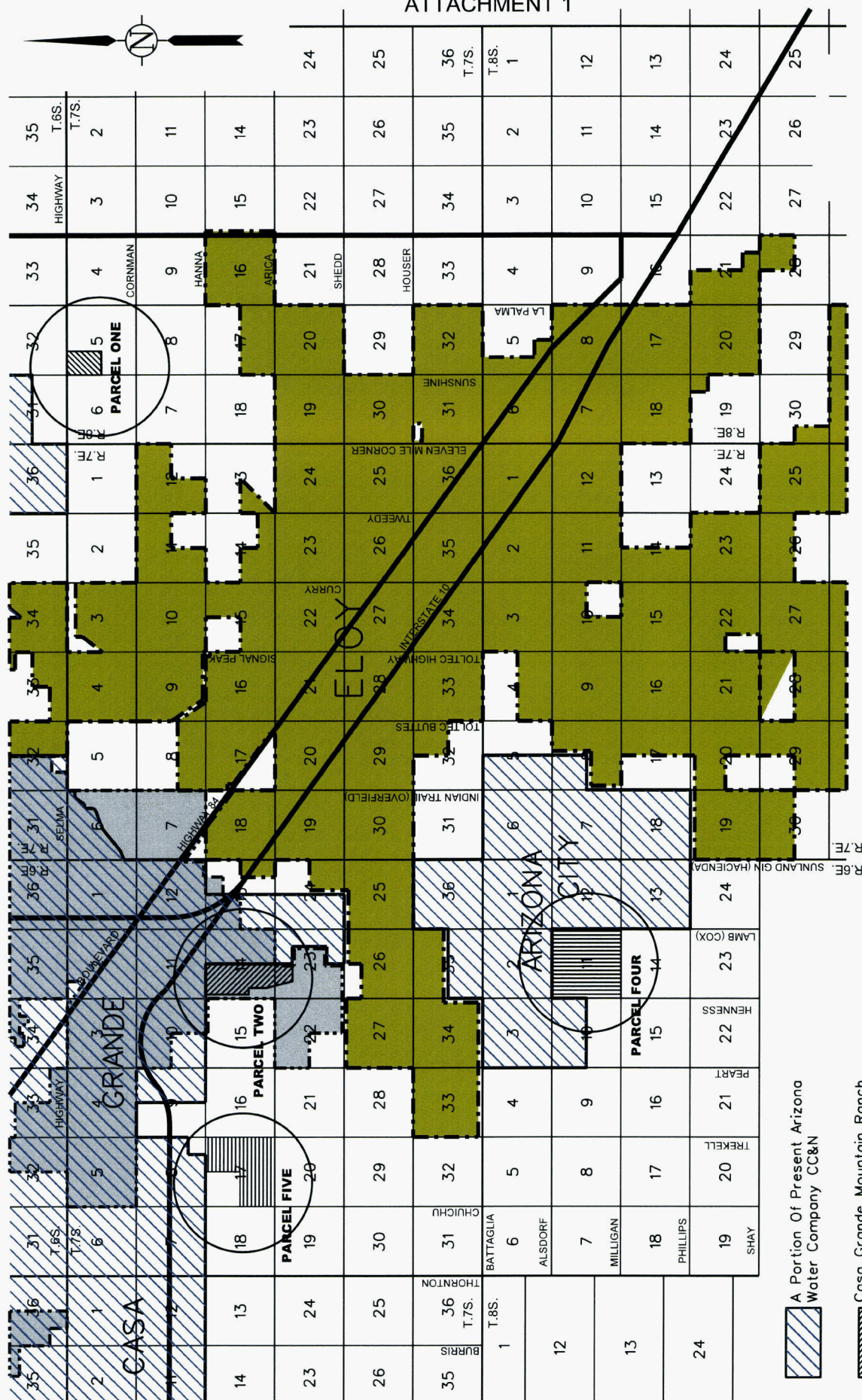
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23 By: F. W. Deake
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ARIZONA WATER COMPANY

CC&N Application to Include Portions In T.7S.,R.8E. T.7S.,R.6E.
And T.8S.,R.7E. Of The G.S.R.B.&M. Pinal County, Az.

CASA GRANDE

DATE:	05.21.2007	SCALE:	1" = 2 Miles	DRAWN BY:	CB
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A Portion Of Present Arizona
Water Company CC&N

 Casa Grande Mountain Ranch
(305.63 Acres)
Parcel Two



Shreeve 110
(110 Acres)
Parcel One

Avra Plantation
(640 Acres)
Parcel Four



Haugen Development
(480 Acres)
Parcel Five

A Portion Of Eloy City Limits

ATTACHMENT 2

JANICE K. BREWER

Governor



HERBERT R. GUENTHER

Director

ARIZONA DEPARTMENT OF WATER RESOURCES

3550 North Central Avenue, Second Floor
PHOENIX, ARIZONA 85012-2105
(602) 771-8500

Via Certified Mail

December 24, 2009

Mr. William Garfield, President
Arizona Water Company
3805 North Black Canyon Highway
Phoenix, Arizona 85015

**RE: Arizona Water Company Pinal Valley Water Service Area
Pinal County, Arizona (Pinal AMA)
Application for a Physical Availability Determination
ADWR #51-700444.0000**

Dear Mr. Garfield:

The Department has completed its review of your application for a Physical Availability Determination for Arizona Water Company Pinal Valley Service Area. The Department received the application on November 15, 2007. The study area locations are within Township 4 South, Range 8 East, within portion of Section 36; Township 4 South, Range 9 East, Sections 31, 32, 33; Township 5 South, Range 5 East, and portions of Sections 13, 14, 15, 16, 21 to 28 inclusive, 33, 34, 35, 36; Township 5 South, Range 6 East, Sections 13 to 36; Township 5 South, Range 7 East, Sections 12, 13, 14, 23 to 36; Township 5 South, Range 8 East, Sections 1, 2, portions of 3, 5, 6, 7 to 36 inclusive; Township 5 South, Range 9 East, Sections 4 to 10 inclusive, 15 to 22 inclusive, 27 to 36 inclusive; Township 5 South, Range 10 East, Sections 31, 32 & 33; Township 6 South, Range 3 East, Sections 10 to 16 inclusive, 21 to 28 inclusive, 33, 34, 35 & 36; Township 6 South, Range 4 East, Sections 16 to 21 inclusive, 28 to 33 inclusive portion of Sec. 36; Township 6 South, Range 5 East, Sections 1, 2, 3, 4, portion of Sec. 5, 9 to 16 inclusive, east half of Sec. 17 and 20 to 36 inclusive; Township 6 South, Range 6 East, Sections 1 to 36; Township 6 South, Range 7 East, Sections 1 to 36 inclusive; Township 6 South, Range 8 East, Sections 1 to 24 inclusive, 29, 30, 31 & 32; Township 6 South, Range 9 East, Sections 1 to 24 inclusive; Township 6 South, Range 10 East, Sections 5, 6, 7, 8, 17, 18, 19 & 20; Township 7 South, Range 3 East, Sections 1, 2, 3, 10 to 15 inclusive, 22 to 27 inclusive, 34, 35 & 36; Township 7 South, Range 4 East, Sections 1 to 36 inclusive; Township 7 South, Range 5 East, Sections 1 to 24; Township 7 South, Range 6 East, Sections 1 to 36 inclusive; Township 7 South, Range 7 East, Sections 1 to 7 inclusive, north half of Sections 8, 18, 19, 30, 21 & 32; Township 7 South, Range 8 East, Sections 5 & 6; Township 8 South, Range 6 East, Sections 1, 2, 3, 4, 9 to 16 inclusive, 21, 22, 23 & 24; Township 8 South, Range 7 East, Sections 4 to 9 inclusive, 17, 18, 19 & 20 and GSR B&M in Pinal County, Arizona.

In accordance with A.A.C. R12-15-702(D), the Department has determined that a minimum of 98,841 acre-feet per year of groundwater is physically available for 100 years under A.A.C. R12-15-716(B) for assured water supply purposes in the study area. Although you requested a volume of 103,485 acre-feet, after a review of the hydrologic study and all issued assured water supply determinations in the study area, the Department has concluded that 98,841 acre feet is physically available.

With regard to water quality for the purpose of A.A.C. R12-15-719(A), the provider you select must be regulated by the Arizona Department of Environmental Quality. With regard to water quality for the purpose of A.A.C. R12-15-719(B), the study area is not located within one mile of any known WQARF or Superfund site.

The results of the Department's review fulfill the requirements of R12-15-702(C) and may be cited in applications for determinations of assured water supply. Those applications have certain additional requirements based on the assured water supply criteria referenced in A.R.S. § 45-576 and A.A.C. R12-15-701, et seq. For further information on those requirements, please contact the Office of Assured and Adequate Water Supply at (602) 771-8599.

As with all Physical Availability Determinations issued by the Department, changes in conditions or the accuracy of assumptions and information used in demonstrating physical availability may affect the validity of this determination. Changes in the number or locations of wells may impact applicability of this determination to future applications for determinations of assured water supply.

If you have any questions regarding this Physical Availability Determination, please contact the Office of Assured & Adequate Water Supply at (602) 771-8599.

Sincerely,



Sandra Fabritz Whitney
Assistant Director, Water Management

Via electronic mail:

cc: Steve Corell, scorell@clearcreekassociates.com
Clear Creek Associates

Steve Olea, solea@azcc.gov
Arizona Corporation Commission

Linda Taunt, taunt.linda@azdeq.gov
Arizona Department of Environmental Quality

Mr. George Chasse
Casa Grande Mountain Ranch, Limited Partnership
5740 Via Los Ranchos
Paradise Valley, AZ 85253


April 27, 2012

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

We are following up with you regarding Pinal County Assessor's Parcel Nos. 511-19-006B, 006C, 006D, 006E, 006G and 006H, which we own. We still need and desire to receive water service from Arizona Water Company to serve these parcels. Our current plans include development within twenty-four months. If market conditions improve, however, we hope to shorten this timeframe. If you have any questions, please feel free to contact us.

Sincerely,


George Chasse

ITS: 